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FISCAL IMPACT REPORT

ORIGINAL DATE 2/19/07

SPONSOR Smith LAST UPDATED _____ HB _____

SHORT TITLE Southwest NM Economic Development Fund SB 1115

ANALYST Francis

REVENUE (dollars in thousands)

Estimated Revenue			Recurring or Non-Rec	Fund Affected
FY07	FY08	FY09		
	(\$20,000.0)	(\$20,000.0)	Recurring	General Fund
	\$20,000.0	\$20,000.0	Recurring	Southwest and South Central Economic Development Fund

(Parenthesis () Indicate Revenue Decreases)

SOURCES OF INFORMATION

LFC Files

SUMMARY

Synopsis of Bill

Senate Bill 1115 creates an economic development grant fund called the “Southwest and South Central Economic Development Fund” to be administered by the Local Government Division of the Department of Finance and Administration. A new distribution from the tax suspense fund of \$20,000,000 per year from FY08 to FY14 will fund the fund. The fund will be used for:

- Infrastructure projects to communities that are members of the Southwest NM Council of Governments or South Central Council of Governments for
 - Water and wastewater projects
 - Airport construction/expansion
 - Solid waste facilities
 - Public transportation equipment and vehicles
 - Telecommunications systems
 - Other economic development projects

The effective date is July 1, 2007.

FISCAL IMPLICATIONS

The distribution of \$20,000,000 contained in this bill is a RECURRING distribution from the GENERAL FUND. Balances at the end of each fiscal year shall not revert to the general fund. The funds are to be distributed to the Southwest and South Central economic development fund in monthly increments of \$1,666,667.

This bill creates a new fund and provides for continuing distributions. The LFC has concerns with including continuing distribution language in the statutory provisions for newly created funds, as earmarking reduces the ability of the legislature to establish spending priorities.

The funds distributed to the Southwest and South Central economic development fund are funds that are currently remaining in the tax administration suspense fund at months end. These funds would otherwise be distributed to the general fund.

DFA notes that the Local Government Division of the Department of Finance and Administration will administer the Southwest and South Central economic development fund and all distributions.

NF/nt